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July 15, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following Record Requests:

From the Department:

RR-DTE-17

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)  
A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)  
Andreas Thanos, Assistant Director, Gas Division (1 copy)  
Alexander Cochis, Assistant Attorney General (4 copies)  
Service List (1 electronic copy)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: July 15, 2005

Responsible: Danny G. Cote, General Manager

RR-DTE-17: Provide explanation of cause of the dip in 2002 - supply a graph that separates new and replacement service lines.

Response: After further review of economic growth rates in each of Bay State's service areas (i.e., Brockton, Springfield and Lawrence), the Company concludes that construction activity levels, which affected the number of new and replacement service lines installed during 2002, were down in all three locations, with Brockton's growth activity reduced most significantly. Although Mr. Cote is not a trained economist, the Company attributes this trend to poor economic factors, including reduced housing starts for that year. Other causes for year-to-year variations in new and replacement service lines include the number of construction projects undertaken by state and local highway departments that encroach the Company's facilities. During this period, the Company observed fewer municipal projects being undertaken in its service areas than in other years.

Attachment RR-DTE-17 shows the increases and decreases in service replacement for the same timeframe.

Bay State Gas  
DTE 05-27  
RR-DTE-1-17

